Remarks/Arguments

The present amendment is made in response to the Office Action dated December 30, 2004, and identified as Paper No. 20041223. Claim 1-16 and 18-21 are pending.

In the Action, the Examiner rejected claims 1-16 and 18-21 under 35 U.S.C. § 101 as directed to non-statutory subject matter. Claims 1-3, 5-6, 8-9, 12, and 15-16 were rejected under 35 U.S.C. § 102(e) as anticipated by U.S. Patent Publication No. 2003/0061064 to Elliot ("*Elliot*").

I. Rejection under 35 U.S.C. § 101

With regard to the rejection under section 101, the Examiner found that the claims were directed toward non-statutory subject matter because they relate to abstract ideas that do not advance the "technological" arts. Although Applicant demonstrated that the "technological art" rejection does not exist and that the grounds for rejection have been specifically rejected by the Federal Circuit, see *In re Toma*, 197 U.S.P.Q. 852, 857 (C.C.P.A. 1978), the Examiner nevertheless repeated the rejection and deemed Applicant's arguments unpersuasive.

The proper test for whether the invention is more than an abstract idea is whether it produces a "useful, concrete, and tangible result." *AT&T Corp. v. Excel Comms., Inc.*, 172 F.3d 1352 (Fed. Cir. 1999). The Federal Circuit has rejected the application of the "technological arts" rejection in favor of the "useful, concrete and tangible result" doctrine. Regardless, the crux of either test is to insure that the claimed invention not be a mere abstract idea. The present invention meets either test and is therefore not an abstract idea.

The method of the present invention allows a user to calculate of a discrete dollar value for a given intellectual property asset, such as a patent. The method in *State Street Bank* that the Federal Circuit found to be statutory subject matter also calculated a single monetary value for

an intangible asset, *i.e.*, a mutual fund. The claimed invention here similarly produces a "useful, concrete and tangible result" that is identical to the result which the Federal Circuit specifically held was statutory subject matter in *State Street Bank* and not an abstract idea. Rather than providing investors with a single dollar value for a mutual fund, the present invention provides a user with a value for an intellectual property asset. That value is quite useful, and may be used for any number of important purposes, including the tangible and concrete valuation required by the Internal Revenue Service when determining the value of a patent donated to a charity or not-for-profit group. *See, e.g.*, Internal Revenue, Code of Federal Regulations, 26 CFR 1.170-1. The claimed invention is thus not an "abstract idea" and the rejection under section 101 is improper.

The present invention also meets the "technological arts" requirement. Mathematical operations and financial valuation methods fall squarely within the "technological arts." As evidence that such methods are within the "technological arts," numerous patents have issued for valuation methods and systems, including those directed toward valuing intellectual property.

In a previous rejection, the Examiner specifically directed the Applicant to other valuation patents which supposedly contained claims directed to the "technological arts." When Applicant pointed out that these patents contain claims ***just like those in the present application***, the Examiner replied that he cannot comment on the patentability of issued patents. The refusal of the Examiner to accept evidence which the Examiner specifically pointed out to Applicant is capricious. Moreover, Applicant did not ask the Examiner to comment on the patentability of other inventions. Instead, Applicant did quite the opposite and pointed to the other patents as evidence that comparable subject matter was patentable.

The fact that numerous patents have issued to inventions that do not meet the Examiner's improper "technological arts" rejection is evidence that the rejection is improperly applied here.

As pointed our in the previous Office Action, claims 1-10 of U.S. Patent No. 6,330,547 are ***indistinguishable in form from the claims of the present application***, yet the claims of that patent were clearly found to be within the "technological arts."

Similarly, claim 1 of U.S. Patent No. 6,615,195 recites the following:

> A method of valuing a knowledge-based property comprising the following steps:
>
> analyzing data representing accesses by users to a medium containing a copy of the knowledge-based property;
>
> estimating a pattern of the accesses by users to the medium containing the copy of the knowledge-based property using a statistical model; and
>
> valuing the knowledge-based property based on the pattern, wherein the knowledge-based property is assigned a worth.

This claim is entirely devoted to the statistical and mathematical analysis of intellectual property and does not contain any affirmative structural limitations. As this claim falls within the "technological arts," so must the present invention.

Other financial methods have also been found to be within the technological arts. For example, U.S. Patent No. 6,578,016 claims:

> A method for investing, comprising the steps of:
>
> causing the formation of an agreement for the disposition of a first entity's property that is valued at an initial principal amount to a second entity in exchange for a contingent installment obligation issued by said second entity to said first entity; and
>
> causing the establishment of an investment portfolio with monetary proceeds equivalent to said initial principal amount of said property wherein said second entity makes periodic repayments to said first entity in satisfaction of said contingent installment obligation based on said investment portfolio's financial performance.

This claim also lacks any structural limitations and was nevertheless found to be within the "technological arts." Accordingly, so must the present invention. In light of the issuance of patents containing claims covering comparable subject matter, the continued rejection of the claims of the present invention is arbitrary and capricious.

The science of valuation clearly falls within the realm of "technological arts," regardless of whether the method is implemented on a computer. Indeed, the Board of Patent Appeals and Interferences has already held that the valuation of an intangible asset, such as a real estate entity produces a "'useful, concrete, and tangible result' as identified in *State Street Bank & Trust Co. v. Signature Fin. Group, Inc.*, 149 F.3d 1368, 1374-75, 47 USPQ2d 1596, 1602 (Fed. Cir. 1998)." *See Ex Parte Bradley*, Appeal No. 1999-2609, Application No. 08/730,289 (Heard November 7, 2001). It is irrelevant whether a novel financial method is carried out in a computer, so long as it produces the requisite "useful, concrete, and tangible result." Because the claims of the present invention result in a single value for an intellectual property asset, they are the practical application of an idea and fall squarely within the scope of section 101.

New claims 23-25 are specifically directed toward the application of the method of present invention in an interactive computer program, *e.g.*, spreadsheet, which enables a user to input data and formulas to perform the requisite calculations. The use of such a spreadsheet to perform the claimed method is specifically disclosed in the specification on Page 10, lines 6-8.

II. Rejections under 35 U.S.C. § 102

With regard to the rejection under section 102, *Elliot* does not disclose each and every element of the claimed invention as required for a proper anticipation rejection. *See* MPEP § 2131. More particularly, *Elliot* does not disclose the claimed step of determining the competitive advantage of a tangible asset associated with the intangible asset. Rather than determining the

competitive advantage of a product due to the intangible asset related to the product, *Elliot* merely estimates the value of a patent or group of patents based on the revenue stream attributable to the sale of products associated with the patent or patents. Although *Elliot* considers a few of the same inputs used in the present invention, the paragraphs in *Elliot* relied on by the Examiner do not disclose or even suggest that the valuation should be based on the contribution of the intangible asset to the ***competitive advantage*** of the related product as positively recited in the claims.

The background paragraphs in *Elliot* cited by the Examiner merely explain the intangible nature of patents and do not disclose any method for valuing such patents. The paragraphs in the detailed description section of *Elliot* cited by the Examiner also do not disclose the claimed method of valuing intellectual property. For example, Paragraphs [0100]-[0120] detail a method of valuing a patent based on the income stream realized by the sale of products covered by the patent. This is a conventional method of valuation and does consider the ***competitive advantage*** of the related product, as affirmatively recited in the claims of the present invention.

The Examiner pointed to Paragraphs [0106] and [0108] as disclosing a competitive value calculation. This is incorrect. Paragraph [0106] simply points out the sales of a particular product, and Paragraph [0108] relates to the total size of the market. At no point does *Elliot* actually disclose determining the competitive advantage of the product in the market. *Elliot* therefore also fails to disclose calculating a value based on the ***relative*** contribution of the intellectual property asset to that competitive advantage. At best, *Elliot* discloses the attribution of a portion of the income stream of a product to a patent covering that product. This method lacks the claimed competitive advantage calculation and ignores the relative contribution of the intellectual property to that competitive advantage.

The present invention can also determine the value of a patent whose related product has not yet reached the market, while *Elliot* is only capable of calculating the value of a patent covering an existing product in the market. *See, e.g.*, claim 5 ("A method of valuing a ***pre-market product*** . . .") (emphasis added). Because the method of Elliot relies on income rather than competitive advantage, it cannot be used to calculate the value of an intellectual property asset whose related product is not yet being sold. In addition, *Elliot* is not capable of distinguishing between the value of different patents covering the same product, as is often the case in the real world, while the present invention can do so because it is based on the relative competitive advantage due to the intellectual property. Although *Elliot* generally seeks to place a monetary value on a patent, the reference discloses a method that differs substantially from that of the claimed invention and does not disclose at least two express claim limitations in the claims of the present application. Accordingly, the rejections under 35 U.S.C. § 102 are improper.

In view of the foregoing amendments, the Examiner's reconsideration is requested and allowance of the present application is believed to be in order. If the Examiner believes a phone conference with Applicant's attorney would expedite prosecution of this application, please contact the undersigned at (315) 218-8515.

Respectfully submitted,

Dated: March 29, 2005

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